

The Allocation Process for the Improving Teacher Quality Grants (Title II)

I. Program Overview

The Improving Teacher Quality (ITQ) Act was enacted as Title II of the No Child Left Behind Act (NCLB Act) of 2001 to provide grants to local education agencies (LEAs),¹ eligible partnerships,² individuals, and nonprofit organizations to: increase academic achievement by improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools. In addition, the act seeks to hold LEAs and schools accountable for improvements in academic achievement, ensuring that all those teaching core academic subjects in public elementary and secondary schools are highly qualified.³

Originally established in 1965 under the Elementary and Secondary Education Act as the Eisenhower Professional Development (EPD) program, the Improving Teacher Quality Act was combined with the Class Size Reduction (CSR) program and given its current name under the NCLB Act of 2001. ITQ has four parts:

- Part A: Teacher and Principal Training and Recruiting Fund
- Part B: Science and Mathematics Partnerships
- Part C: Innovation for Teacher Quality
- Part D: Enhancing Education Through Technology.⁴

The majority of funding made available through this act is allocated through Part A in the form of grants to states for distributions among LEAs and eligible partnerships. Depending on the amount appropriated, funds for Part B are distributed in the form of grants to states or eligible partnerships. Grants are awarded to eligible partnerships when the funds appropriated for Part B are equal to or greater than \$100 million. Grants for part C are awarded on a competitive basis to individuals, eligible partnerships, LEAs, and nonprofit organizations. Grants for part D are also awarded on a competitive basis to eligible partnerships and LEAs.

The Department of Education is responsible for the allocation of Title II funds to LEAs, states, U.S. territories, and other education agencies. Each year the department's National Center for Education Statistics (NCES) determines the distribution of Title II funds, or the allocations of the various Title II grants.

Once NCES has calculated all allocations, the department sends instructions for the distribution of Title II funds along with the actual funding to each of the states, the District of Columbia, and the Commonwealth of Puerto Rico (which, for administrative purposes, are referred to as "state" gov-

¹ Although the majority of LEAs are school districts, the term local education agency is used instead of school district because for some populations of Title I-eligible children—most notably orphans or delinquent youth—the local school district is not the agency responsible for their education. In such cases, the LEA may be an orphanage, church, delinquency facility, or other agency.

² The organizations and institutions that qualify as an "eligible partnership" differ for each part of Title II. Detailed descriptions are provided below.

³ Title II of the No Child Left Behind Act of 2001, P.L. 107-110, sec. 2101.

⁴ Title II Draft Guidance Report, www.ed.gov/offices/OESE/SIP/TitleIIguidance2002.doc.

ernments) and to the Outlying Areas: American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands (which are referred to as “territorial” governments).

What follows is a description of the four Title II grants; the requirements for LEAs, eligible partnerships, states, and territories to qualify for these grants; the formulas employed to calculate the allocation amount for each grant; and NCES’s method of calculation.

II. Outline of Title II ITQ Grants

ITQ grants vary in terms of who can receive them. They are not distributed solely to LEAs or states but can also be awarded to individuals or partnerships that are eligible and selected through an application process.

A. Grants to States for LEAs and Eligible Partnerships

- **Grants for Teacher and Principal Training and Recruiting**⁵ fund programs to increase the quality of teachers and principals in schools. The secretary of education distributes these funds to states, which in turn distribute them to LEAs and eligible partnerships.⁶

In fiscal year 2002 (FY 02), the total appropriation for Part A was \$3.175 billion.

- **Grants for Science and Mathematics Partnerships**⁷ fund states and/or eligible partnerships to improve the academic achievement of students in science and mathematics by upgrading teacher education through intense recruiting, training, and advising. Unlike Part A, a state is not necessarily the sole recipient of funding under Part B. If less than \$100 million is appropriated for Part B, funds are awarded directly to eligible partnerships on a competitive basis. If more than \$100 million is appropriated for Part B, the secretary (1) reserves funds for eligible partnerships whose grant period has not yet ended (a grant period lasts 3 years) from the year before and (2) allocates the remaining amount to each state based on the number of 5- to 17-year-old children in the state who fall below the poverty line. The states, in turn, must distribute this funding to eligible partnerships on a competitive basis.⁸

In FY 02, the total appropriation for Part B was \$450 million.

B. Grants to Individuals and Groups

- **Grants for Innovation for Teacher Quality**⁹ fund five grant programs: Transitions to Teaching, National Writing Program, Civic Education, Teaching of Traditional American History, and Teacher Liability Protection. The purpose of these grant programs is to (1) bring highly qualified teachers, especially in science and mathematics, to LEAs that face a shortage of such teachers, and (2) increase achievement levels in writing, American history, and government. By helping teachers and principals undertake actions to maintain order,

⁵ Title II of the No Child Left Behind Act of 2001, P.L. 107-110, sec. 2101

⁶ Sec. 2111, 2121, and 2131.

⁷ Sec. 2201.

⁸ Sec. 2202.

⁹ Sec. 2301.

discipline, and an appropriate educational environment for their students, the Teacher Liability Protection program aids in increasing achievement levels.¹⁰

These funds are distributed on a competitive basis to LEAs and eligible partnerships as well as to individuals, nonprofit organizations, and businesses. Thus, there is no allocation formula stipulated by law.

- **Grants for Enhancing Education through Technology**¹¹ fund programs through four subparts. The largest include subpart 1, State and Local Technology Grants, and subpart 2, National Technology Activities. The purpose of these two subparts is to (1) improve academic achievement through the integration of technology in elementary and secondary curricula and instruction and (2) enhance professional development of teachers, principals, and administrators by providing access to training and updated research in teaching and learning through electronic means.¹² To receive a grant under the first two subparts, a state must submit an application to the secretary at such time and manner that the secretary may specify.¹³ To receive a subgrant from a state, an LEA must also submit an application to the state.¹⁴

These funds are distributed to states and LEAs on a competitive basis. Thus, there is no allocation formula stipulated by law.

C. Grants to Specific Education Agencies (Set-asides)

- **Outlying Areas**¹⁵ share funding reserved by the secretary of education. From the total allocation for the Teacher Recruiting and Training program, 0.5 percent is reserved for outlying areas. In FY 02, this amount was \$15.875 million. From the 98 percent of the total allocation amount reserved for subpart 1 of the Enhancing Education through Technology program 0.5 percent of that amount is reserved for outlying areas. In FY 02, this amount was \$4.9 million.
- **Bureau of Indian Affairs (BIA)**¹⁶ receives funds reserved by the secretary of education. From the total allocation for the Teacher Recruiting and Training program, 0.5 percent of the appropriation amount is reserved for the secretary of the interior for programs in schools the BIA operates. In FY 02, this amount was \$15.875 million.. From the 98 percent of the total allocation amount reserved for subpart 1 of the Enhancing Education through Technology program, 0.75 percent is reserved for the BIA. In FY 02, this amount was \$7.35 million..

III. Requirements for Title II Funds

A. Grants for Teacher and Principal Training and Recruiting

¹⁰ Sec. 2301-2361.

¹¹ Sec. 2401.

¹² Sec. 2402.

¹³ Sec 2413.

¹⁴ Sec. 2414.

¹⁵ Sec. 2111 and 2411.

¹⁶ *ibid*

All states are eligible to receive grants for Teacher and Principal Training and Recruiting. They must, however, apply for grants at such time as the secretary of education determines,¹⁷ and they must agree to distribute funds as subgrants to LEAs through the state education agency.

All LEAs are eligible to receive subgrants for the purposes of Teacher and Principal Training and Recruiting. In order for an LEA to receive funding, it must submit an application to the state education agency at such time as the state may require. A high-need LEA¹⁸ may also seek funding as part of an eligible partnership. An eligible partnership must include a private or public postsecondary institution, a high-need LEA, and a school of arts and sciences.¹⁹ In order for an eligible partnership to receive funding, it must submit an application to a state agency for higher education at such time and manner and containing such information as the institution requires. The state agency for higher education is equivalent to a postsecondary institution, works in conjunction with the state education agency, and receives funding through the state.

B. Grants for Science and Mathematics Partnerships

All states are eligible to receive grants for Science and Mathematics Partnerships. However, if the amount appropriated for Part B of Title II is less than \$100 million, no state grants are made. In such cases, each eligible partnership is required to submit an application to the secretary of education to receive a subgrant from the total grant appropriated for this part. If the amount appropriated for Part B of Title II is more than \$100 million, each eligible partnership that is not currently receiving a subgrant from the secretary as a continuance of the 3-year grant period is required to submit an application to the state in order to receive funding. An eligible partnership, under part B, must include (1) a state education agency, (2) an engineering, mathematics, or science department of an institution of higher education, and (3) a high-need LEA. An eligible partnership under this part may also include (1) another engineering, mathematics, science, or teacher training department of an institution of higher education, (2) additional LEAs, public charter schools, public or private elementary or secondary schools or a consortium of such schools, (3) a business, or (4) a nonprofit or for-profit organization of demonstrated effectiveness in improving the quality of science and mathematics teachers.²⁰

In order to assure that the subgrants received by eligible partnerships are used properly, each such partnership is required to develop an evaluation and accountability plan for activities that the subgrant funds. This evaluation must be reported annually to the secretary of education.²¹

¹⁷ Sec. 2112.

¹⁸ A high-need LEA is (1) one that serves 10,000 or more children from families with incomes below the poverty line or an LEA where 20 percent or more of the children served by the LEA are from families with incomes below the poverty line and (2) an LEA where there is a high percentage of teachers not teaching in the academic subjects or grade levels that the teachers were trained to teach or where there is a high percentage of teachers with emergency, provisional, or temporary certification or licensing.

¹⁹ In addition, for LEAs to be eligible to form a partnership the LEA must maintain a steady level of effort in order to receive a full allocation of funds under this part. The state measures whether an LEA has maintained its level of effort based on two interchangeable requirements: (a) if its combined fiscal effort per student has stayed the same as the preceding year *or* (b) if the aggregate level of expenditures from local and state funds for public education from the preceding fiscal year is greater than or equal to 90 percent of the aggregate expenditures from 2 years ago. If an LEA does not meet the requirements for either of these measurements, then the state's allocation amount will be reduced by the same amount that the level of effort was reduced. The state can waive this requirement, however, in the event of uncontrollable circumstances such as a natural disaster or a steep decline in the LEA's financial resources.

²⁰ Sec. 2201.

²¹ Sec. 2202(e).

IV. Allotment and Allocation Amounts

A state's share of federal funding, as initially determined by a grant formula, is known as its *allotment*. The amount of grant money that a state actually receives is known as its *allocation*.

A. Calculating the Authorization Amounts for Grants to States and LEAs

1. Authorization Formulas for Teacher and Principal Training and Recruiting

a. Authorization for states

The authorization amount for each state under Part A equals the amount that it received for FY 01 under the Eisenhower Professional Development program and under the Class Size Reduction program.

b. Authorization for LEAs

The authorization amount for each LEA under Part A equals the amount that the LEA received for FY 01 under the Eisenhower Professional Development program and under the Class Size Reduction program. (If any LEA did not receive funding under these two programs in the fiscal year 2001 and it submits an application for Title II, Part A funding in the current fiscal year, then its authorization amount equals the amount it would have received in fiscal year 2001 if it had elected to participate in the EPD and CSR programs.²²)

2. Authorization Formulas for Science and Mathematics Partnerships

If the congressional appropriation for Part B is less than \$100 million, grants are made directly to eligible partnerships on a competitive basis and there is no allocation process. However, if the appropriation is more than \$100 million, a state's grant equals the total Congressional appropriation for Part B (minus set-asides²³) multiplied by

$$\frac{\text{State's population of 5-17 year olds from families with incomes below poverty line}}{\text{Population of 5-17 year olds from families with incomes below poverty line in all states.}}^{24}$$

B. Calculating the Allocation Amount for Grants to States and LEAs

1. Allocation Formula for Teacher and Principal Training and Recruiting

a. Allocation for states

Depending on how much Congress appropriates for Title II, Part A funding, the multi-step process for determining the allocation amount for each state differs.

If the total appropriation for Title II, Part A is less than the sum of all states' authorization amounts, then each state's authorization amount is decreased by a ratable reduction.

²² Sec. 2121(a)(2)(B).

²³ In addition, if any partnerships have not completed their 3-year grant period, then grants to these partnerships are reserved from the appropriation to be allocated to them.

²⁴ Sec. 2202(a)(2).

A ratable reduction calculates the ratio of each state’s authorization amount to the total of all authorization amounts. Once those ratios are known, the total amount of Title II, Part A funding appropriated by Congress (after set-asides have been deducted) can be multiplied by these ratios to calculate each state’s share of funding. This ratable reduction of the authorization amount to an allocation amount can be expressed by the following formula where A equals a state’s allocation amount:

$$\frac{\text{state's authorization amount}}{\sum_{\text{for all states}} \text{state's authorization amount}} \times (\text{appropriations}^{25}) = A$$

The allocation amount (or A) calculated for each state may not be its final allocation amount. Adjustments to accommodate hold-harmless provisions (explained below) may raise or lower this initial allocation amount.

If the appropriation for Part A equals or exceeds the total of all states’ authorization amounts, no ratable reduction is necessary but any excess funds must be allocated. The amount of excess funds that each state receives depends on

- the number of 5- to 17-years-old in the state and the total in all states, and
- the number of 5- to 17-years-old in the state and the total in all states from families with incomes below the poverty line.

The exact amount of excess funds that each state receives is determined by summing the results of the following two calculations for each state:

Calculation 1. Multiply 35 percent of the excess funds by the following ratio:

$$\frac{\text{State's population of 5-17 year olds}}{\text{Population of 5-17 year olds in all states}}$$

Calculation 2. Multiply 65 percent of the excess funds by the following ratio:

$$\frac{\text{State's population of 5-17 year olds from families with incomes below poverty line}}{\text{Population of 5-17 year olds from families with incomes below poverty line in all states}}$$

b. Allocation for LEAs

Each LEA’s allocation amount is determined according to the same process used to determine each state’s allocation amount. If the state’s total allocation for Title II, Part A is less than the total of authorized amounts for all LEAs in the state, then each LEA’s allocation amount is ratably reduced by multiplying the state’s allocation amount by

$$\frac{\text{LEA's authorization amount}}{\text{Sum total of authorization amounts for all LEAs in the state}^{26}}$$

If the state’s total allocation for Title II, Part A equals or exceeds the total of all LEAs’ authorized amounts, no ratable reduction is necessary but excess funds must be allocated. The amount of excess funds that each LEA receives depends on

²⁵ “Appropriations” here means Title II, Part A funding after set-asides have been deducted.

²⁶ Sec. 2121(a)(2)(C).

- the number of 5- to 17-years-old in the LEA and the total in the state and
- the number of 5- to 17-years-old in the LEA and the total in the state from families with incomes below the poverty line.

The exact amount of excess funds that each LEA receives is determined by summing the results of the following two calculations for each LEA:

Calculation 1. Multiply 20 percent of the state’s excess funds by the following ratio:

$$\frac{\text{LEA's population of 5-17 year olds}}{\text{Population of 5-17 year olds in the state}}$$

Calculation 2. Multiply 80 percent of the state’s excess funds by the following ratio:

$$\frac{\text{LEA's population of 5-17 year olds from families with incomes below poverty line}}{\text{Population of 5-17 year olds from families with incomes below poverty line in the state}}$$

The final amount each LEA receives (i.e., its initial authorization amount minus the amount lost through ratable reduction or its initial authorization amount plus excess funds) is equal to its allocation amount.

2. Hold-Harmless Provisions

The idea of a “hold-harmless” provision is that an LEA should not incur a loss of Title II funds because of a drop in its eligibility count for a given fiscal year. Congress included hold-harmless provisions to guarantee that LEAs receive a percentage of the grant amount that they received in the prior year, assuming they continue to meet the minimum eligibility requirements. The hold-harmless provisions differ for each part of Title II.

a. State Hold-Harmless Provisions

From the total authorization amount (excluding the amounts reserved for BIA and outlying areas), each of the states, the District of Columbia, and the Commonwealth of Puerto Rico must receive the same amount that they received in the previous fiscal year.²⁷ If the total authorization amount for Part A is insufficient to meet these hold-harmless provisions, then the allocation to each state, Puerto Rico, and the District of Columbia must be ratably reduced from their previous fiscal year funding level to the total authorization amount for Part A.

b. LEA Hold-Harmless Provisions

From the funding that each state reserves for allocations to LEAs, each LEA must receive an amount equal to the amount it received in the previous fiscal year.²⁷ If any LEA did not receive funding under these two programs in the previous fiscal year and it submits an application in the current fiscal year, then it is authorized to receive the amount it would have received in the previous fiscal year if it had elected to participate. If the total allocation amount for each state is insufficient to meet these hold-harmless provisions, then each LEA’s authorization amount must be ratably reduced to the state allocation amount.

3. Allocation Formula for Science and Mathematics Partnerships

²⁷ In fiscal year 2002, an LEA’s hold-harmless amount was the combined amount received the previous fiscal year under the former Eisenhower Professional Development (EPD) and Class Size Reductions (CSR) programs.

If Congress appropriates more than \$100 million for Part B, no state can receive less than 0.5 percent of the total appropriation amount remaining after funds are given to eligible partnerships that have not completed their 3-year grant period.

V. Allocation Process

Once Congress has appropriated Title II funds for the fiscal year, the Department of Education’s Budget Office determines the amount of money to be reserved for set-asides (for Part A) and the amount to be distributed for each of the four parts. The NCES is responsible for determining the specific allocation amounts to the individual states, territories, LEAs, and eligible partnerships for each grant.

A. Data Preparation

1. Assembling Title II Data Sets

NCES receives the data needed to calculate Title II allocations from various government agencies. These include both state-level and school district-level data. Listed below for each level are the needed data elements, the sources of such data, and the date the data are available from these sources.

STATE-LEVEL DATA²⁸

| Data Element | Data Source | Date Available From Source |
|--|--|-----------------------------------|
| Children aged 5 – 17, inclusive | | |
| living in families at or below the poverty level | Bureau of the Census, Population Division Department of Commerce Sandy Brown, (202) 260-0976 | Annually |
| in the population at large | Bureau of the Census, Population Division Department of Commerce Sandy Brown, (202) 260-0976 | Annually in February |

LEA-LEVEL DATA

| Data Element | Data Source | Date Available From Source |
|---|--|-----------------------------------|
| Children aged 5 – 17, inclusive | | |
| living in families at or below the poverty line | Bureau of the Census, Population Division Department of Commerce Paul Siegal, (301) 457-3182 | Annually in December |

²⁸ This data set includes data for all states, the District of Columbia, Puerto Rico, and outlying areas.

| | | |
|-------------------------------|--|---------------------|
| in the population at large | Bureau of the Census, Population Division Department of Commerce Paul Siegal, (301) 457-3182 | Biannually in April |
| Total resident population | Bureau of the Census, Population Division Department of Commerce Paul Siegal, (301) 457-3182 | Biannually in April |

2. Data Processing for State Grants

a. Teacher and Principal Training and Recruiting

1. From the total appropriation for this part set aside 0.5 percent for outlying areas and 0.5 percent for the BIA.
2. From the 99 percent left, each state is authorized to receive an amount equal to the sum of the amount it received under EPD and CSR in FY 01. If there are insufficient funds to follow through with this step, go to step 3. If there are more than sufficient funds to follow through with this step, skip to step 4.
3. Ratably reduce each state's authorization amount (see IV.B. on p.5 of the current document) if there is not enough funding to meet the requirement under step 2.
4. If there are excess funds after step 2 has been calculated, allocate the excess funds according to two proportions; (1) the proportion of each state's population, measured by the number of individuals age 5 through 17, to the total number of such individuals in all states, the District of Columbia, and the Commonwealth of Puerto Rico; (2) the proportion of each state's poverty level, measured by the number of individuals age 5 through 17 years from families with incomes below the poverty line, to the total number of such individuals in all states, the District of Columbia, and the Commonwealth of Puerto Rico. Reserve 35 percent of the excess funds and distribute according to the proportion defined under calculation 1 (see page 7 of current document). Reserve 65 percent of the excess funds and distribute according to the proportion defined under calculation 2 (see page 7 of current document). Once the allocation amounts for each state have been calculated, reserve 1 percent for the administrative costs of the state education agency and its agency for higher education.
5. Reserve 95 percent of the remaining 99 percent of the state's allocation for subgrants to LEAs.
6. Authorize to each LEA an amount equal to the sum of the amount each LEA received under EPD and CSR in FY 01. If there are insufficient funds to follow through with this step, go to step 8. If there are more than sufficient funds to follow through with this step, skip to step 9.
7. Ratably reduce each LEA's authorization amount if there is not enough funding to meet the requirements of step 6.
8. Allocate the excess funds according to the sum of two proportions. The first proportion is equal to the number of individuals age 5 to 17 in the geographic area over the total number of individuals served by the LEA in that area to 20 percent of the excess funds over the total amount of excess funds. The second proportion is equal to the number of individuals age 5 to 17 from families with incomes below the poverty line in the geographic area served by the agency over the total number of individuals served by the LEA in that area to 80 percent of excess funds over the total amount of excess funds.
9. Reserve 2.5 percent of remaining 99 percent of the state's allocation for state program activity expenses.
10. Reserve 2.5 percent of the remaining 99 percent of the state's allocation for subgrants to eligible partnerships.

b. Science and Mathematics Partnerships

1. If the appropriation for this part is less than \$100 million, then there is no allocation process for fund distribution. If, however, the appropriation for this part is more than \$100 million, go to step 2.
2. First distribute funds to eligible partnerships that have not completed their 3-year grant period.
3. With the amount remaining after step 2, authorize funds to each state based on the proportion of the number of individuals, ages 5 to 17, who are from families with incomes below the poverty line compared to the number of such individuals in all the states.
4. Ensure that the amount allocated to each state according to this proportion is not less than 0.5 percent of the total amount that is left after required funds are distributed to eligible partnerships.

B. Reporting Allocation Results

Forward the results of the allocation process for each grant via email to the Department of Education's Budget Office (contact persons: Lonna Jones (202) 401-0312 and Ian Soper, (202) 401-0907) and the Office of Elementary and Secondary Education's Student Assistance and School Accountability Programs (contact person: Sandy Brown, (202) 260-0976).